Without adequate data, it is impossible to establish a reliable benchmark against which future performance can be measured. We find no evidence in the record that BellSouth has committed itself in any significant way to specific levels of performance or to any enforcement provisions to remedy inadequate performance. Rather, it appears that, as a general matter, CLECs who feel that BellSouth's performance is inadequate would need to file complaints with the Louisiana PSC and then, in the course of the resulting regulatory proceedings, establish the appropriate level of performance, whether BellSouth had failed to meet that performance level, and finally, establish the remedy. To be most effective in preventing backsliding, such issues should be resolved in advance, either in contracts between BellSouth and its competitors[76] or through regulatory proceedings.

Our concerns regarding future performance are heightened here because of apparent problems in the "change management" processes in place at BellSouth. Various commenters explain that in the course of ongoing modifications to its OSSs, BellSouth has failed to provide adequate opportunity for testing in advance of customer migrations, has failed to keep older versions of its interface systems operational to permit orderly transitions, and has made unannounced changes to internal systems. Consequently, following BellSouth system updates

[76] Because contractual provisions are an important means of establishing performance measures, associated standards, and enforcement mechanisms and penalties, BellSouth must be committed to meeting its existing and future contractual obligations. At least one CLEC has alleged that BellSouth has ignored terms of its interconnection agreement, which, if true, would be troublesome. See Time Warner Comments at 4-11; Marek Aff. ¶¶ 12-27.

CLECs have in some instances lost the ability to perform certain significant functions that previously were available.[77]

It is essential to competition that the systems underlying a BOC's wholesale support processes be maintained on an ongoing basis. This effort is complicated by the fact that these are not static systems; they will need to be modified over time to fix system bugs, implement new industry standards, and provide other enhancements. These changes often require corresponding modifications to CLEC systems to ensure continued interoperability. CLECs need to receive adequate documentation and other support regarding the nature of the proposed changes (to determine how the CLECs' own systems must be modified), adequate notice of upcoming changes (to provide time to update and test changes to the CLECs' own systems), and adequate opportunities for carrier-to-carrier testing in advance of migration (to ensure that the systems work before the CLECs commit to the new systems). See supra, citations in n.76. The current record does not establish that BellSouth has reliable processes for implementing system modifications, and thus does not provide a basis for confidence that current levels of performance will be maintained in the future.

V. BellSouth's "Public Interest" Arguments Do Not Justify Approval of This Application

BellSouth once again argues that the "public interest" justifies authorizing its long distance entry, and its argument again rests on the erroneous contention that the "public interest" test should consider only the state of competition in long distance markets and whether BOC

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[77] See generally Hassebrock Aff. ¶¶ 4-10, 22-24, 34-47, 56-71; Bradbury Aff. ¶¶ 14, 42-63, 89-109, 236; Green Decl. ¶¶ 136-41.

entry there will have any possible beneficial effect.[78] The Commission, however, has already concluded that the section 271 "public interest" analysis "should focus on the status of market-opening measures in the relevant local exchange market" and should not be "limited narrowly to assessing whether BOC entry would enhance competition in the long distance market."[79] Long distance markets today, though not perfectly competitive, are nonetheless far less concentrated and substantially more competitive than any local exchange market in the United States.

Requiring full and irreversible opening of local markets to competition -- which we conclude BellSouth has not yet done -- as a precondition to BOC long distance entry, is essential in order to ensure that local market opening is not unreasonably delayed and that markets for both local and long distance services are protected against possible competitive harms.[80] Even BellSouth's own economic expert on the public interest acknowledges that the public interest should balance interests in the local markets with those in long distance markets. Affidavit of Jerry A. Hausman ¶ 12, attached to BellSouth Brief as App. A, Vol. 2, Tab 9. Unfortunately, Prof. Hausman never really confronts the question of whether section 271 is satisfied or whether "significant barriers to local entry have been removed" in Louisiana. Instead, Prof. Hausman merely asserts that "if the BOCs have satisfied the provisions of Sections 271 and 272. . ., then

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[78] BellSouth repeats here its ad hominem attacks on the credibility of the Department's expert, Prof. Marius Schwartz. See, e.g., BellSouth Brief at 74-75. As BellSouth well knows, these groundless attacks were fully put to rest in connection with BellSouth's last Louisiana application. See Letter from Marius Schwartz to Magalie Salas, January 19, 1998, attached to BellSouth Brief as App. D, Tab 12.

[79] Michigan Order at ¶¶ 385-86.

[80] The basis for this analysis is explained in Prof. Schwartz's Affidavit and Supplemental Affidavit, and in Appendix A to our first Louisiana evaluation. See Schwartz Aff. ¶¶ 90-125, 149-192; Schwartz Supp. Aff. ¶¶ 26-44; Appendix A to DOJ Louisiana I Evaluation at A-1 to A-7, attached to the current evaluation as Ex. 4.

significant barriers to local entry have been removed." Id. ¶ 23. As the Department and other commenters have demonstrated, significant barriers to entry remain in Louisiana.

In light of our determination that BellSouth's local markets in Louisiana have not yet been fully and irreversibly opened to competition, we conclude once again that the potential for competitive benefits in markets for interLATA services do not justify approving this application.

VI. Conclusion

BellSouth has not taken all measures needed to ensure that local markets in Louisiana are fully and irreversibly open to competition, and there are still significant barriers to competitive entry in Louisiana. BellSouth's application for in-region interLATA entry in Louisiana under section 271 of the Telecommunications Act should be denied.

Respectfully submitted,

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APPENDIX A

Louisiana Overview and Description of Local Competitors

Louisiana is the nation's twenty-second most populous state, with over 4.3 million inhabitants, and is the fifth most populous state in the BellSouth region.[1] According to U.S. census data, 75.1% of its population is in metropolitan areas,[2] and 68.1% of its population is in urban areas.[3] There are four principal metropolitan areas in the state of Louisiana: New Orleans (city population of 476,625, with over 1.31 million in the metropolitan area), Baton Rouge (city population of 215,882, with over 567,000 in the metropolitan area), Shreveport (city population of 191,558, with over 379,000 in the metropolitan area), and Lafayette (city population of 104,899, with over 368,000 in the metropolitan area).[4] Louisiana has four BOC-served LATAs (Baton Rouge, Lafayette, New Orleans, and Shreveport). All of Louisiana's LATAs lie entirely within the state.

Louisiana was the twenty-second largest state in terms of long distance traffic nationwide

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[1] <http://www.census.gov/statab/ranks/pg01.txt> as of July 1, 1997.

[2] <http://www.census.gov/statab/states/la.txt> as of July 1, 1994.

[3] Statistical Abstract of the United States, 1997 edition at page 44.

[4] The population information for major cities and metropolitan areas was taken from U.S. Census data as of July 1, 1996. See Estimates of the Population of Cities with Populations of 100,000 and Greater Size in U.S. (July 1, 1996) <http://www.census.gov/population/estimates/metro-city/SC100K96.txt>; Estimates of the Population of Metropolitan Areas (July 1, 1996) <http://www.census.gov/population/estimates/metro-city/ma96-07.txt>.

in 1997, with 8,564,841,000 interLATA access minutes, 1.32% of the nation's total.[5] As of 1997, there were over 2.40 million total access lines in Louisiana served by reporting LECs,[6] of which 2.2 million were switched lines.[7] In addition, 163,478 lines were presubscribed to non-reporting LECs,[8] for a total of over 2.56 million access lines statewide, including over 2.36 million switched lines. BellSouth served between 2.10 and 2.20 million switched lines in Louisiana,[9] about 91.5% of the total switched lines in the state. Of BellSouth's approximately 2.20 million switched lines, 1.58 million (72%) were residential lines and 613,000 (28%) were business lines.[10] As of 1997, BellSouth had over 200 central office switches in Louisiana.[11] 1997 revenues for BellSouth in Louisiana were reported as $883 million in local service revenues, $384 million in access revenues

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[5]Federal Communications Commission, Preliminary Statistics of Communications Common Carriers, at Table 2.6 (1997) ("FCC 1997 Preliminary Statistics").

[6]FCC 1997 Preliminary Statistics at Table 2.5.

[7]Id.

[8]Id. at Table 2.3.

[9]According to available data, 2.10 million lines were presubscribed to BellSouth in Louisiana (id.), while FCC ARMIS reports that BellSouth served 2.20 million switched access lines (FCC ARMIS Annual Summary Report 43-01, BellSouth Telecommunications Louisiana, 1997, at Table II, Row 2150 ("FCC ARMIS 43-01")).

[10]FCC ARMIS 43-01 at Table II, Rows 2090-2120.

[11]According to available data, in 1997, BellSouth had 235 central office switches in Louisiana (see FCC 1997 Preliminary Statistics at Table 2.4), while FCC ARMIS reports that BellSouth had 200 switches --136 MSA and 64 non-MSA (FCC ARMIS Annual Summary Report 43-05, BellSouth Telecommunications Louisiana, 1997, at Table IV, Rows 0200-0201).

(slightly over 18.5% intrastate), and $53 million in intraLATA toll revenues.[12] IntraLATA dialing parity has not been implemented in Louisiana.[13]

As of June 1, 1998, BellSouth has executed interconnection agreements with 190 telecommunications carriers. The LPSC has approved 165 of these agreements, of which 111 (67.3%) are with resellers, 45 (27.3%) with wireline facilities-based providers, and nine (5.4%) with wireless carriers.[14] The LPSC has certified 89 carriers to provide competing local telephone service in Louisiana and 42 more have their certifications pending.[15]

The six operational wireline facilities-based CLECs in Louisiana are serving a total of 4,282 business lines over their own facilities.[16] Two wireline carriers have placed in service about 100 unbundled loops.[17] Six wireline carriers have requested collocation in twelve of BellSouth's central offices; there are currently two physical and six virtual collocation arrangements in place

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[12]FCC ARMIS 43-01 at Table I, Rows 1010, 1020 and 1030.

[13]The Louisiana Public Service Commission did not order BellSouth to provide dialing parity in Louisiana before December 19, 1995. Therefore, since Louisiana is a multiLATA state, BellSouth is not required to offer dialing parity until it enters the interLATA market or until three years have passed from the enactment of the Telecommunications Act. See Section 271(e)(2)(B) of the Telecommunications Act.

[14]Affidavit of Gary M. Wright ¶¶ 17-19 ("Wright Aff."), attached to BellSouth Brief as App. A, Vol. 7, Tab 28.

[15]Id. ¶ 13.

[16]The six operational wireline carriers are: e.spire (previously ACSI), American MetroComm (AMC), KMC Telecom Inc., Hyperion Telecommunications, Shell Offshore Services Company, and AT&T. Id. ¶ 32; BellSouth Brief at 4-7.

[17]Wright Aff. ¶ 41.

and four physical and nine virtual collocation arrangements are pending.[18] In Louisiana, at least five switches have been installed by facilities-based competitors.[19]

There are about thirty resellers in Louisiana, including the facilities-based wireline carriers providing resale service, and they have resold approximately 44,000 lines, 67% of which were residential lines. Of the 44,000 resold lines, the six operational wireline facilities-based CLECs have resold approximately 11,796 business lines and 248 residential lines.[20] There are seven other facilities-based carriers who may have future plans for facilities-based service, but are currently operating only as resellers.[21] They have resold approximately 1,965 business and 375 residential lines.[22] In addition, there are 18 "pure" resellers (i.e., resellers with no plans for facilities-based market entry) who have resold approximately 775 business lines and 28,734 residential lines throughout the entire BellSouth Louisiana service area.[23] While facilities-based carriers have resold primarily business lines, the "pure" resellers have resold primarily residential lines.

In the aggregate, wireline competitors have about 2% of the local exchange market based upon access lines, while BellSouth still has the remaining 98% in its service area. In addition to

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[18]Id. ¶ 38.

[19]Id. ¶¶ 84, 105, 112; e.spire Comments at 2.

[20]Wright Aff. 57.

[21]They are: Advanced Tel, Bayou Telephone, DeltaCom, Intermedia Communications, IWL Communications, Louisiana Unwired, and MCI Metro. Id.

[22]Id.

[23]Id. ¶ 60.

wireline, there are five operational wireless PCS providers -- Sprint PCS, PrimeCo, AT&T Wireless, MereTel, and PowerTel -- serving approximately 35,000 business and residential customers.[24] These PCS services, to the extent they compete at all with BellSouth, do so only to a very limited extent and are not substitutes for the great majority of users. See Evaluation at 5-6 n.9. These statistics demonstrate that CLECs have made most progress in resale entry and PCS carriers have increased their subscribership for wireless customers. However, CLECs have made little or no progress in providing services over their own facilities or through the use of unbundled network elements.[25] To detail the competitive landscape, the Department discusses below the wireline providers that are now or soon could be providing local exchange services to business and residential consumers in Louisiana. The Department also addresses the status of the five operational PCS providers cited by BellSouth in Louisiana.

e.spire (previously known as ACSI)

e.spire is a CLEC providing telecommunication services both through resale and on a facilities basis (with operational local fiber networks located in New Orleans, Baton Rouge, and Shreveport).[26] The LPSC approved e.spire's negotiated interconnection agreement with

[24] Id. ¶ 154.

[25] In contrast, BellSouth has seen an increase of 89,000 lines in Louisiana in one year. BellSouth, Notice of 1998 Annual Meeting Proxy Statement A-3 (Mar. 10, 1998) <http://www.sec.gov/Archives/edgar/data/732713/0001047469-98-008732.txt>.

[26] Wright Aff. ¶¶ 69-70.

BellSouth on November 4, 1996, and certified e.spire as a CLEC on March 24, 1997.[27] e.spire's local exchange tariff, approved by the LPSC in April 1997, includes terms and conditions for basic local exchange line service, PBX services, and other enhanced telecommunications services and features.[28] e.spire introduced facilities-based local exchange service to the New Orleans market on July 30, 1997,[29] and has begun using unbundled local loops in combination with its own facilities to provide local exchange service.[30] e.spire plans to extend its offering of facilities-based local exchange service to the Baton Rouge and Shreveport markets later in 1998 or 1999.[31] It currently has virtual collocation arrangements in three BellSouth end offices; three physical collocation arrangements remain to be fulfilled by BellSouth.[32]

While its business strategy focuses primarily on business customers, e.spire has said that it "will provide facilities-based service to residential callers through multi-tenant dwelling units ("MDUs") and shared tenant service ("STS") providers where it makes economic sense."[33] e.spire currently provides such residential service to an STS property in Birmingham, Alabama,

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[27] Id. ¶ 69.

[28] Id. ¶ 71.

[29] Id. ¶ 70.

[30] e.spire Comments at 2.

[31] Wright Aff. ¶ 77.

[32] e.spire Comments at 2.

[33] Wright Aff. ¶ 74.

but has not announced plans to provide residential service in Louisiana.[34]

American MetroComm

The LPSC certified American MetroComm ("AMC") as a facilities-based CLEC on July 9, 1997.[35] The LPSC approved AMC's interconnection agreement with BellSouth on October 8, 1996; this agreement provides for interconnection of networks, exchange of traffic, unbundling of BellSouth network services and functions, and the resale of BellSouth's retail service offerings in Louisiana.[36] Its local exchange tariff was approved by the LPSC in July 1997.[37]

Since July 1997, AMC has been providing significant numbers of resold business and residential local exchange access lines to Louisiana customers; it has only recently begun to provide facilities-based local exchange service in Louisiana.[38] AMC currently operates a fiber optic CLEC network in the New Orleans metropolitan area, where it has installed a NorTel DMS Central Office switch. AMC operates fiber facilities in the Baton Rouge metropolitan area, and is in the process of completing construction of network facilities in Lake Charles and Lafayette.[39] BellSouth expects AMC to begin offering facilities-based local exchange service in Baton Rouge

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[34] Id. ¶¶ 73, 74.

[35] Id. ¶ 82.

[36] Id.

[37] Id. ¶ 83.

[38] Id. ¶¶ 86, 87.

[39] Id. ¶ 84.

by the end of 1998 and in Lake Charles and Lafayette shortly thereafter.[40]

KMC Telecom Inc.

KMC is a competitive local exchange carrier and currently operates in eight Tier III markets (populations between 100,000 to 750,000).[41] KMC entered each of these markets after completing construction of a fiber optic network backbone, by selling on-net dedicated services and reselling incumbent LEC switched services to its customers.[42]

The LPSC granted KMC CLEC certification on January 31, 1997, and approved KMC's interconnection agreement with BellSouth on June 10, 1997.[43] Also in June 1997, the LPSC approved KMC's local exchange tariff, which included terms and conditions for basic local exchange line service, PBX services, and other enhanced telecommunications services and features for the Baton Rouge and Shreveport markets.[44]

KMC constructed and operates fiber optic networks in both Baton Rouge and Shreveport and has installed local exchange switching facilities in both cities.[45] As of June 1, 1998, it

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[40] Id. ¶ 86.

[41] KMC Telecom Hldgs. Expects Cap-Ex Of $150M In 1998, Federal Filings Newswires, April 24, 1998.

[42] Id.

[43] Wright Aff. ¶ 89.

[44] Id. ¶ 90.

[45] Id. ¶ 91.

operated as a CAP and a CLEC.[46] KMC provides the majority of its service through the resale of BellSouth's local exchange service. As a CLEC, KMC provides resold local exchange service to approximately 200 customers in the Shreveport and Baton Rouge markets, primarily business but including a small number of residential.[47] KMC recently began providing facilities-based local exchange service to the Shreveport market and has been providing facilities-based local exchange service in Baton Rouge since early 1998.[48] It provides facilities-based service to less than 30 business customers and no residential customers in Louisiana.[49]

ITC^DeltaCom

ITC^DeltaCom is a subsidiary of ITC Holding Co. and is a regional long distance company in the Southeast that has traditionally focused on the business market.[50] The ITC^DeltaCom network has over 5,000 miles of fiber-optic cable throughout both North and South Carolina, Florida, Alabama, Mississippi, Louisiana, and parts of Texas, and ITC^DeltaCom has announced plans to complete another 1,200 miles of fiber deployment.[51] The LPSC

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[46] Id.

[47] Affidavit of Wendell Register ¶ 4 ("Register Aff."), attached to KMC Comments as Tab 1.

[48] Wright Aff. ¶ 93.

[49] Register Aff. ¶ 4. But see Wright Aff. ¶ 91 (contending that KMC has residential customers served on a facilities basis).

[50] Wright Aff. ¶ 138.

[51] Id.

authorized ITC^DeltaCom to provide competitive local exchange service in Louisiana on August 21, 1997.[52] It signed a negotiated interconnection agreement with BellSouth for Louisiana on March 12, 1997, which the LPSC approved on June 10, 1997.[53] The LPSC also approved ITC^DeltaCom's local exchange tariff in August 1997.[54]

During the second quarter of 1997, ITC^DeltaCom publicly announced its intention to offer local exchange service throughout its service area.[55] Since that time, ITC^DeltaCom has begun serving local customers in six BellSouth states, including Louisiana.[56] In its evaluation of BellSouth's South Carolina 271 application, the Department reviewed ITC^DeltaCom's business plans and concluded that it was unclear whether ITC^DeltaCom intended to provide local exchange service to residential customers on a facilities basis.[57] ITC^DeltaCom did not file any comments on BellSouth's first Louisiana 271 application, nor has it filed any in this application.[58] Thus, the Department lacks any additional information about ITC^DeltaCom's plans beyond what

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[52]Affidavit of Christopher J. Rozycki on Behalf of ITC^DeltaCom ¶ 3 ("Rozycki Aff."), attached to ALTS Comments.

[53]Wright Aff. ¶ 142.

[54]Id.

[55]Id. ¶ 141.

[56]Rozycki Aff. ¶ 3 n.1.141.

[57]DOJ South Carolina Evaluation, App. B at B-7 to B-8.

[58]Although ITC^DeltaCom did not file comments in the current Louisiana application, the affidavit of Christopher J. Rozycki, on behalf of ITC^DeltaCom, was filed as an attachment to ALTS Comments.

it has previously learned. Consequently, while the Department agrees with BellSouth that ITC^DeltaCom intends to provide local exchange service to business customers,[59] its intentions toward residential customers are ambiguous.

Cox Communications, Inc.

Cox Communications is the parent company of both Cox Louisiana Telecom II, LLC, and Cox Fibernet Louisiana, Inc., together referred to as "Cox." Cox received CLEC certification from the LPSC on October 22, 1997.[60] Cox does not yet have an interconnection agreement with BellSouth, but we understand that they are in the process of negotiating one. Meanwhile, Cox has signed an interim interconnection agreement which permits it to conduct testing in Louisiana while continuing to negotiate significant provisions.

Unlike some of the other facilities-based providers, Cox's network is already connected to a significant number of residential homes. The Cox network passes over 428,000 homes in the New Orleans area and has approximately 275,000 cable television subscribers.[61] Cox is in the process of upgrading its cable television facilities in order to allow it to provide full facilities-based local residential and business competition to land-line telephony in Louisiana.[62] Cox

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[59]Wright Aff. ¶ 141.

[60]Id. ¶ 130.

[61]Id. ¶ 132.

[62]Comments of Cox Communications, Inc., In re: Application of BellSouth Corporation, BellSouth Telecommunications, Inc., and BellSouth Long Distance, Inc. for Provision of In-Region, InterLATA Services in Louisiana, CC Docket No. 97-231, at 2 (Nov. 25,

Fibernet uses its fiber optic network in the New Orleans metropolitan area to provide competitive access services.[63]

According to BellSouth, Cox has announced the commercial availability of its local exchange services in the test markets and has accelerated its roll-out of those services to its other large Cox cable systems, including New Orleans.[64] BellSouth further states that Cox Fibernet plans to install a local exchange switch and has announced plans to use its hybrid fiber/coax facilities to provide telephony services to both residential and business customers in the New Orleans area during 1998.[65]

Louisiana Unwired, LLC (d.b.a. US Unwired)

Louisiana Unwired is a majority-owned subsidiary of US Unwired, which owns 100% of Mercury Cellular, Mercury Paging, and Mercury Wireless Data, as well as a controlling interest in US Unwired PCS.[66] The LPSC certified Louisiana Unwired as a CLEC on June 3, 1998 under the name of LEC Unwired LLC.[67] Louisiana Unwired signed a negotiated interconnection

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1997), attached to Cox Comments as Ex. 1.

[63] Id. ¶¶ 130, 131.

[64] Id. ¶ 132.

[65] Id.

[66] Wright Aff. ¶ 127.

[67] Id. ¶ 126.

agreement with BellSouth, which was approved on April 15, 1998.[68]

Louisiana Unwired currently provides resold BellSouth local exchange services to both business and residential customers in the Lake Charles metropolitan area.[69] It is currently in the process of installing switching facilities in Lake Charles and hopes to begin delivering facilities-based wireline local exchange services, in combination with its PCS wireless services, to both business and residential customers in Lake Charles, Louisiana during 1998, in Lafayette using the Lake Charles switching facilities by the end of the year, and in Baton Rouge by early 1999.[70]

Advanced Tel (EATEL)

The LPSC certified Advanced Tel as a CLEC on February 4, 1997.[71] Prior to Advanced Tel's CLEC certification, the LPSC certified it as a long distance service provider, operator service provider, long distance reseller, and public pay phone service provider.[72] It also provides paging, answering and directory assistance services in Louisiana and has declared its intent to provide wireless services in Baton Rouge and Lafayette.[73] Advanced Tel signed an interconnection agreement with BellSouth on February 18, 1997, which the LPSC approved on

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[68] Id.

[69] Id.

[70] Id. ¶ 128.

[71] Id. ¶ 145.

[72] Id. ¶ 146.

[73] Id.

March 19, 1997.[74]

Although Advanced Tel currently only resells wireline local exchange services to both business and residential customers, it has announced plans to enter the wireline facilities-based local exchange market in Baton Rouge during 1998.[75]

Hyperion Telecommunications

Hyperion designs, builds, operates, and manages fiber optic networks nationwide in conjunction with interexchange carriers including AT&T, MCI, Sprint, and WorldCom, to offer small, medium and large businesses, government and education end users a broad array of integrated, high quality voice, video and enhanced data communication services.[76] The LPSC certified Hyperion as a CLEC in Louisiana on August 21, 1997,[77] and Hyperion has an approved agreement with BellSouth to provide for interconnection, as well as unbundling and resale.[78] In August 1997, the LPSC approved Hyperion's local exchange tariff, which offers a full range of local and intrastate telecommunications services to both residential and business customers.[79]

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[74] Id. ¶ 145.

[75] Id. ¶ 146.

[76] Hyperion Telecommunications Company Description, Select Federal Filings Newswires, July 3, 1996.

[77] Wright Aff. ¶ 101.

[78] Id.

[79] Id.

Hyperion formed a partnership with Entergy Corporation in Louisiana on April 15, 1997, to construct and operate a local fiber optic network in Baton Rouge with the intent of marketing telecommunications services, including local exchange service, directly to end users.[80] In contrast to BellSouth's assertion that Hyperion operates a more extensive, statewide Louisiana network, this broader network apparently belongs to Entergy and is not part of the Entergy-Hyperion partnership.[81] Hyperion has not yet introduced facilities-based local exchange services in New Orleans, but has initiated its rollout of facilities-based services in the Baton Rouge market. BellSouth expects Hyperion to expand rapidly its CLEC operations in New Orleans.[82] Hyperion has stated that its initial focus for facilities-based service will be the business end user; however, BellSouth believes it may also serve residential customers.[83] Currently, Hyperion offers no residential service in Louisiana.[84]

Shell Offshore Services Company

Shell Offshore Services Company ("Shell") provides telecommunications services to

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[80]Hyperion Comments at 2; Wright Aff. ¶ 97.

[81]Hyperion Comments at 2 n.1.

[82]Wright Aff. ¶ 104.

[83]Id. ¶ 105.

[84]Hyperion Comments at 2.

companies operating in the Gulf of Mexico through a digital microwave network.[85] This network will provide broadband links with offshore platforms in the Gulf to land-based offices and other installations in Louisiana.[86] On July 1, 1997, the LPSC certified Shell as a CLEC for Louisiana.[87] Its interconnection agreement with BellSouth was approved on August 28, 1997. The LPSC approved Shell's Louisiana local exchange service tariff in July 1997, which contains terms and conditions for basic local exchange service, PBX services, access services, private line, long distance and other enhanced telecommunications services. The basic local exchange service tariff distinguishes between residential and business service offerings and offers separate terms and rates for provisioning of facilities-based and resold services.[88]

In the summer and fall of 1997, Shell began offering a switched telephone product that includes dial tone, ISDN and several other bundled telephone services.[89] According to BellSouth Shell plans to launch its local exchange market entry during 1998 in Louisiana.[90] It has stated that it will either use its Shell Gulfnet 6000 as well as corporate wireline facilities to provide facilities-based services, or where such facilities are not in place, it will obtain facilities, on both a

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[85]Who We Are: Shell Offshore Services Company <http://www2.shellus.com/sosco/who.htm>.

[86]Wright Aff. ¶ 111.

[87]Id. ¶ 107.

[88]Id. ¶ 108.

[89]Switched Services <http://www2.shellus.com/sosco/switch.htm>.

[90]Wright Aff. ¶ 114.

wholesale and unbundled basis, from other facilities-based carriers.[91] While the Department is confident that Shell will target business customers for its facilities-based and resold services, it is unclear whether the residential consumer market will be addressed through either method.

AT&T

The LPSC certified AT&T as a CLEC in Louisiana on November 6, 1996, and approved AT&T's arbitrated interconnection agreement with BellSouth on October 1, 1997.[92] AT&T has appealed to federal court the LPSC's order approving the agreement and the LPSC's order approving BellSouth's SGAT.[93] AT&T has stated that it intends to provide local exchange service to both residential and business customers throughout Louisiana.

AT&T's entry strategy for Louisiana was previously based on combining network elements and resale.[94] Although it is no longer pursuing resale as its primary local market entry strategy, it is committed to market entry through the use of unbundled network elements or its own facilities.[95] AT&T is not currently, however, providing any local service in Louisiana using

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[91] Id.

[92] Id. ¶ 118.

[93] AT&T Communications v. BellSouth Telecommunications, No. 97-CV-1136 (M.D. La.); AT&T Communications v. BellSouth Telecommunications, No. 97-CV-1137 (M.D. La.).

[94] Affidavit of Michelle Aguier ¶ 5 ("Aguier Aff."), attached to AT&T Comments as App. Vol. I, Tab A.

[95] Id.

combinations of network elements, nor is it providing services in Louisiana on a resold basis.[96] AT&T's entry into the Louisiana market through resale or UNEs is contingent upon interconnection arrangements and OSS that are nondiscriminatory and can handle significant volumes and complex transactions.[97] It is therefore not clear when AT&T will begin offering local residential services in Louisiana.

AT&T is providing some local services over its own facilities to medium and large business customers in Louisiana through AT&T Digital Link,[98] and AT&T is routing local traffic using its existing toll switches connected to BellSouth's local network.

Intermedia Communications, Inc.

Intermedia is a competitive local exchange carrier which provides integrated telecommunications solutions, such as voice and data, local and long distance, and advanced broadband services, to business and government customers nationwide.[99] Intermedia is a certified CLEC in Louisiana, and is currently providing competitive local exchange service in each of the BellSouth states.[100]

Intermedia negotiated a region-wide interconnection agreement with BellSouth on June

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[96] Id. ¶¶ 5, 24.

[97] Id. ¶ 14.

[98] Id. ¶ 5.

[99] Intermedia Comments at 2.

[100] Id.

21, 1996.[101] Intermedia's current network consists of roughly 221,000 access lines serving businesses in 35 markets.[102]

MCI Metro

MCI Metro was certified on August 29, 1997 by the LPSC to provide competitive local exchange services in Louisiana. MCI Metro also signed negotiated interconnection, unbundling, and resale agreements with BellSouth on August 7, 1997 and it was approved by the LPSC on November 20, 1997.[103]

MCI has developed a strategy of "broad-based entry into markets nationwide,"[104] focusing its efforts initially on one or two key markets and then expanding to others once access and interconnection to the BOC's network become reliable. MCI initially targeted Georgia in the BellSouth region and is currently testing the systems there that BellSouth intends to use region-wide.[105] MCI does not have any facilities in place in Louisiana, and contends that until BellSouth

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[101]Intermedia Communications, BellSouth Sign Historic Co-Carrier Interconnection Agreement for Entire BellSouth Region (June 24, 1996) <http://www.intermedia.com/company/press/releases/1996_06_24_38.html>.

[102]Smartmoney Daily Screen: Intermedia Communications -2, Dow Jones News Service, July 9, 1998.

[103]Letter from Lawrence St. Blanc, Executive Secretary, Louisiana Public Service Commission, to D.R. Hamby, Regulatory Vice President, BellSouth Corp., (Nov. 20, 1997), attached to BellSouth Brief as App. B, Vol. 4, Tab 34.

[104]Declaration of Marcel Henry ¶ 9, attached to MCI Comments as Ex. A.

[105]Id. ¶ 15.

has demonstrated it can provide what the Act requires, it would be imprudent for MCI to take additional steps toward providing facilities-based service throughout the BellSouth region.[106]

MCI intends to compete in BellSouth's region using each method of entry, including purchasing UNEs, using MCI's own facilities, and entering into ventures with other companies to construct or utilize facilities. MCI also intends to offer local exchange service to both residential and business customers.[107]

PCS Providers

Sprint PCS

Sprint PCS signed an interconnection agreement with BellSouth on April 14, 1997, which the LPSC approved on August 27, 1997.[108] The LPSC certified Sprint PCS on June 27, 1997, under the name of Sprint Spectrum, but since May 1997, Sprint has provided wireless service to customers in the New Orleans area under the Sprint PCS brand name.[109]

On June 15, 1998, Sprint PCS announced the first five of its new affiliation agreements to market the Sprint PCS brand in partnership with other PCS providers.[110] Under those agreements, MereTel and Louisiana Unwired will provide their PCS services under the Sprint

[106] Id.

[107] Id. ¶¶ 12, 13.

[108] Wright Aff. ¶ 155.

[109] Id.

[110] Id. ¶ 158.

PCS brand name in the Louisiana areas of Lake Charles, Lafayette, Monroe, Shreveport, Baton Rouge, Alexandria, Hammond, and Homa-Thibodaux, as well as in portions of eastern Texas.[111] As a result of the affiliation, Sprint PCS will be marketed statewide in Louisiana.[112]

PrimeCo

PrimeCo Personal Communications signed an interconnection agreement with BellSouth on April 15, 1997 which the LPSC approved on August 27, 1997.[113] The LPSC's certification of PrimeCo is still pending. PrimeCo currently provides services to both residential and business customers in the New Orleans area.[114]

MereTel

MereTel Communications operates as a PCS provider in Baton Rouge.[115] MereTel also has a PCS license for the Lafayette area. MereTel currently provides PCS services as EATEL PCS in Baton Rouge and Lafayette, and MereTel PCS is also marketed by Advanced Tel under the Advanced Tel brand name.[116] BellSouth expects it to introduce service in Lake Charles,

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[111] Id.

[112] Id. ¶ 159.

[113] Id. ¶ 161.

[114] Id. ¶ 160.

[115] Id. ¶ 163.

[116] Id. ¶ 164.